

Memorandum
Office of Jenine Windeshausen
Treasurer-Tax Collector



To: The Board of Supervisors

From: Jenine Windeshausen, Treasurer-Tax Collector

Date: November 22, 2016

Subject: **Receive an Update on Fire Services and Approve a contract with SCI Consulting Group**

Action Requested

- 1) Receive an update on fire services.
- 2) Approve a contract with SCI Consulting Group for consulting for election services related to potential special tax ballot measures to support fire services for three fire districts and three County Fire County Service Area Zones of Benefit, in an amount not to exceed \$242,000, and authorize the County Executive to sign the contract.
- 3) Approve a Budget Revision in the Fire Services Fund decreasing Fire Fund Reserves of \$242,000 for professional consulting services.

Background

Adequate levels of fire protection are a matter of public safety, property protection and economic stability for our communities. Fire districts and County fire service areas have faced increasing financial challenges over the past decade. The County undertook a study of fire districts and Fire County

Service Area Zones of Benefit (ZOBs) to better understand and determine the financial sustainability and wherewithal of districts and ZOBs. This study included all independent fire districts, ZOBs, and, to a limited, extent city fire departments.

The first phase of this study was completed by an outside consultant, Citygate. The consultant provided information for the first phase of the study process, and validated certain information about fire service in the County. The second phase has involved analyzing the draft report from the first phase and collaboratively reviewing it with fire district representatives. It also included further refinement and analysis of the data gathered in the first phase, as well as additional data gathering. In collaboration with the fire districts, County staff have triaged and prioritized the financial information to identify the districts and service areas with the most significant financial challenges. The districts and ZOBs with the most significant financial challenges are:

- Foresthill Fire Protection District
- Penryn Fire Protection District
- Placer Hills Fire Protection District
- County Service Area Zones of Benefit 28:
 - Western Placer (ZOB 76)
 - Dry Creek Fire (ZOB 165)
 - North Auburn/Ophir Fire (ZOB 193)

Fiscal Challenges

Districts with a historically low share of property taxes, which do not receive adequate additional assessments and parcel taxes, have faced financial challenges. These districts have cut costs and used reserves, to the extent possible, without affecting service levels. As a result, they are now operating with dwindling reserves and revenue/expenditure imbalances. Most districts are operating with dedicated staffs that are paid little more than minimum wage, with few, if any, benefits. These districts have developed less than optimal staffing schedules to provide adequate shift coverage. While these districts have done a good job of maintaining existing equipment and facilities, some are behind on replacing old fire equipment and apparatus. These districts have gone to great lengths to economize on their service delivery. They have also shared services, such as fire chief and administrative services, to ensure appropriate emergency staffing.

Over the past ten years, several fire districts have ceased to exist and have been absorbed by the County. These districts include Dry Creek, Placer Consolidated and Ophir which are now ZOB 193 and 165. However, the absorptions of fire districts into ZOBs have come at an expense. Revenues generated in these ZOBs are less than adequate to offset the cost of providing emergency services.

Unavoidable cuts in service levels will be necessary in the next fiscal year if revenues are not increased. Inadequate levels of fire service can result in increased response times, leading to potential increased loss of life and harm, increased property damage, and potentially creating areas where insurance is unavailable or premiums are prohibitively expensive, in-turn leading to blight. The worst case scenario is increased cost or un-insurability triggered by a reduction in emergency response. Costs are likely to increase for property owners, either through increased parcel taxes to provide adequate emergency response, or through increased insurance premiums, or the inability to sell property due to un-insurability.

The primary reasons for the revenue/expenditure imbalances are:

- The share of property taxes received by fire districts has been locked-in at 1977 levels - a period when salary costs were based on all or partial volunteer staffing.
- Population and housing densities have increased significantly in the rural areas of these districts, resulting in increased demand for emergency services.
- Fire apparatus and equipment costs have increased significantly.
- Personnel training requirements and associated costs have increased significantly.
- To a lesser extent, some fire district and ZOB revenues have been shifted to schools by the legislature, through Education Revenue Augmentation Funding (ERAF).
- Increased training and other requirements have also had a negative impact, resulting in diminished volunteer ranks.

Revenue Enhancement Strategies

Although the County report is not yet complete, the analysis reveals that several districts and ZOBs may benefit from revenue increases generated from parcel taxes. The only viable means for increasing revenues is to place a measure before voters to request approval of a parcel tax. Fire districts that have adequately increased revenues through voter approved parcel taxes and assessments have been able to avoid service level reductions. Those districts that have consistently levied the voter approved annual cost-of-living adjustments have been able to provide professional level compensation, and maintain adequate fire service apparatus and equipment.

The table below indicates the amount of ad valorem taxes and voter approved assessments and parcel taxes for each district.

Tax Rate Equivalents for the Fiscal Year 2016/17
 (Amounts do not include Unitary figures)

Tax Code	Description	2016/17 Net Assessed Valuations + HOPTR	2016/17 Prop Tax Rev (AB8 Gross Levy Prior to Adjustment)	Equivalent Tax Rate %	2016/17 ERAF Shift to Schools	2016/17 Prop Tax After Shift	Equivalent Tax Rate % After Shift	Special Tax Approved By Electorate	Assessment For Special Benefit	Subtotal For Direct Charges	Net Amount Collected on Property Tax Bills	Equivalent Tax Rate % ALL funds
22300	South Placer Fire	5,519,779,544	7,429,260	0.1346%	(801,691)	6,627,569	0.1201%	689,414	0	689,414	7,316,983	0.1326%
20500	North Tahoe Fire	6,319,728,901	6,777,775	0.1072%	(689,119)	6,088,656	0.0963%	2,588,241	720,936	3,309,176	9,397,832	0.1487%
18700	Alta Fire	76,344,205	87,432	0.1145%	(19,070)	68,362	0.0895%	0	0	0	68,362	0.0895%
21200	CSA #28-Zone 193	2,917,242,491	2,356,822	0.0808%	(200,594)	2,156,228	0.0739%	477,953	0	477,953	2,634,181	0.0903%
19000	CSA #28-Zone 165	954,126,866	779,633	0.0817%	(56,919)	722,714	0.0757%	0	249,217	249,217	971,931	0.1019%
N/A	CSA #28-Zone 76			0.0000%				183,927	0	183,927	183,927	
19900	Placer Hills Fire	1,519,784,132	1,149,821	0.0757%	(101,462)	1,048,359	0.0690%	543,734	0	543,734	1,592,093	0.1048%
21100	Penryn Fire	547,965,586	435,517	0.0795%	(64,032)	371,485	0.0678%	108,449	0	108,449	479,934	0.0876%
19300	Foresthill Fire	671,539,717	461,991	0.0688%	(47,336)	414,655	0.0617%	347,937	0	347,937	762,592	0.1136%
20200	Newcastle Fire	664,844,359	236,527	0.0356%	(11,610)	224,917	0.0338%	450,255	0	450,255	675,172	0.1016%
19600	Loomis Fire	1,369,716,868	319,432	0.0233%	(56,969)	262,463	0.0192%	421,180	879,059	1,300,239	1,562,702	0.1141%

A complete report will be delivered to the Board of Supervisors and to fire district boards before the end of December. A summary of the report findings is being presented to the Board today.

Based on the primary findings of the study, County staff, in collaboration with representatives of the fire districts, have charted a path forward. The next step is to use the study data and findings from the first two phases to determine the most feasible approach for increasing revenues in each district and ZOB. This step entails identifying property owner and registered voter data to determine voter thresholds and apply the findings from the study to perform preliminary tax engineering work. A feasibility analysis will be used to determine public support for various parcel tax alternatives. This task includes surveys to determine the appropriate service level and resulting annual parcel tax necessary to support the level of service identified.

If a ballot measure is determined to be feasible, each district will need to prepare the ballot question and be prepared to adopt an election resolution, and full ballot text for submission to the Registrar of Voters and to County Counsel. To facilitate positive and responsive exchange of information between the County, the districts and the public, accurate and timely non-advocacy information must also be developed and disseminated. Staff recommends the services of SCI Consulting Group be retained to assist with the

feasibility and ballot preparation activities. The proposed contract for SCI Consulting Group is on file with the Clerk of the Board.

Fiscal Impact:

Cost to the County for the SCI Consulting Group to provide consulting services for the three independent fire districts and the three ZOBs is \$242,000. There are sufficient reserves in the County Fire Service Fund to cover the cost of the contract.

Attachment: Budget Revision

Contract On File with the Clerk of the Board

FOR CASH TRANSFERS & RESERVE CANCELLATIONS PLEASE PROVIDE THE FOLLOWING
Fund/subFund - OCA - PCA - G/L - Sub G/L

PLACER COUNTY

PAS DOCUMENT NO.

BUDGET REVISION

POST DATE: _____

DEPT NO.	DOC TYPE	Total \$ Amount	TOTAL LINES
9	BR	\$ 242,000.00	1

Cash Transfer Required
Fund: _____
SUB Fund: _____

Establish Reserve Required
GL: _____
SUB GL: _____

Reserve Cancellation Required
GL: 2420
SUB GL: 552000

ESTIMATED REVENUE ADJUSTMENT										APPROPRIATION ADJUSTMENT												
DEPT NO.	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ 3	PROJ.	PROJ. DTL	AMOUNT	DEPT NO.	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ 3	PROJ.	PROJ. DTL	AMOUNT	
											9	14		170		992216	99216	2555				242,000.00
TOTAL										TOTAL												
\$ 0.00										\$ 242,000.00												

REASON FOR REVISION: Budget Revision for contract with SCI Consulting Group for consulting for election services related to potential special tax ballot measures to support fire services for three fire districts and three County fire service area zones of benefit.

Department Head: *Ann Windenhausen*
 Auditor: *April Adams 11/15/16*
 County Executive Office: *Blitzer 11/15/16*
County Executive Officer or Designee

Board Date: 11/22/16
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 Technical Revision:

Approved by Board of Supervisors: _____
Clerk of the Board of Supervisors Office

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